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Caribbean Basin

Exporter Guide

Regional Exporter Guide

2005

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Report Highlights:
Caribbean importers have a long history of doing business with the United States.
Their strong interest in U.S. exports is mainly due to any of the following: close proximity, long-standing reputation of higher quality products, and quality of service.

Includes PSD Changes: No
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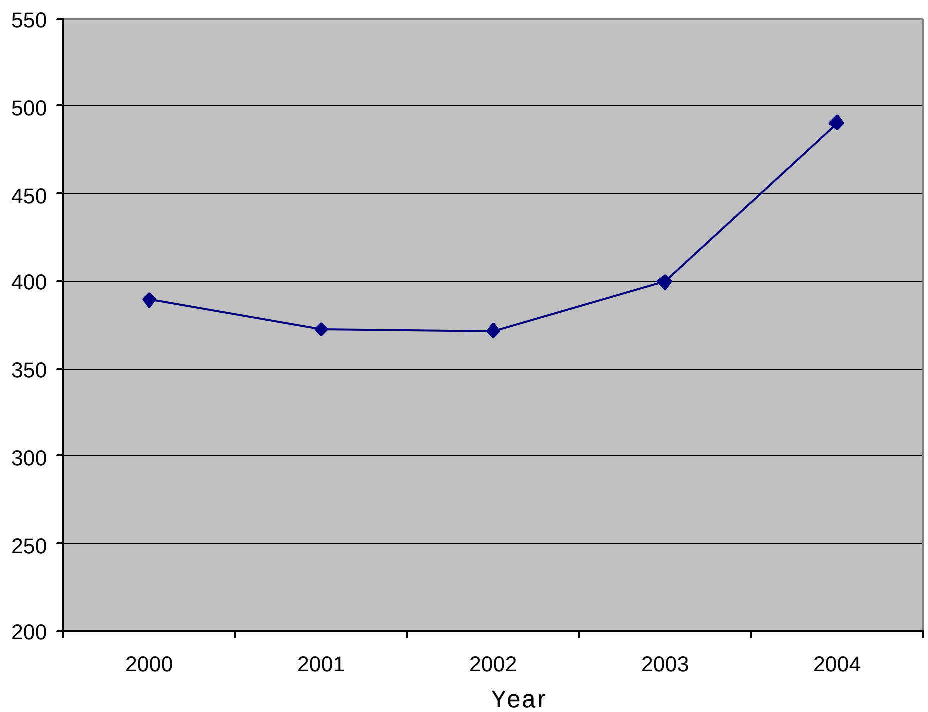
Unscheduled Report
Abidjan [IV1]
[C1]

SECTION I. MARKET OVERVIEW

Most Caribbean Basin countries[1] lack sufficient arable land to cultivate enough food to supply their own populations. In addition, thousands of tourists descend on these islands on any single day. When combined, these two factors lead to the pursuit of imports from other countries. Since their closest neighbors are usually other Caribbean islands with minimal exports, most food and beverage products must be shipped from the United States and other countries.

Caribbean importers have a long history of doing business with the United States. Their strong interest in U.S. exports is mainly due to any of the following: close proximity (for countries as far south as the Leeward Windward islands), long-standing reputation of higher quality products, and quality of service. As a testament to the reputation of U.S. products in the Caribbean, many local importers have noted that they can source some products from other countries, but none match the reliability in quality of their U.S. counterparts.

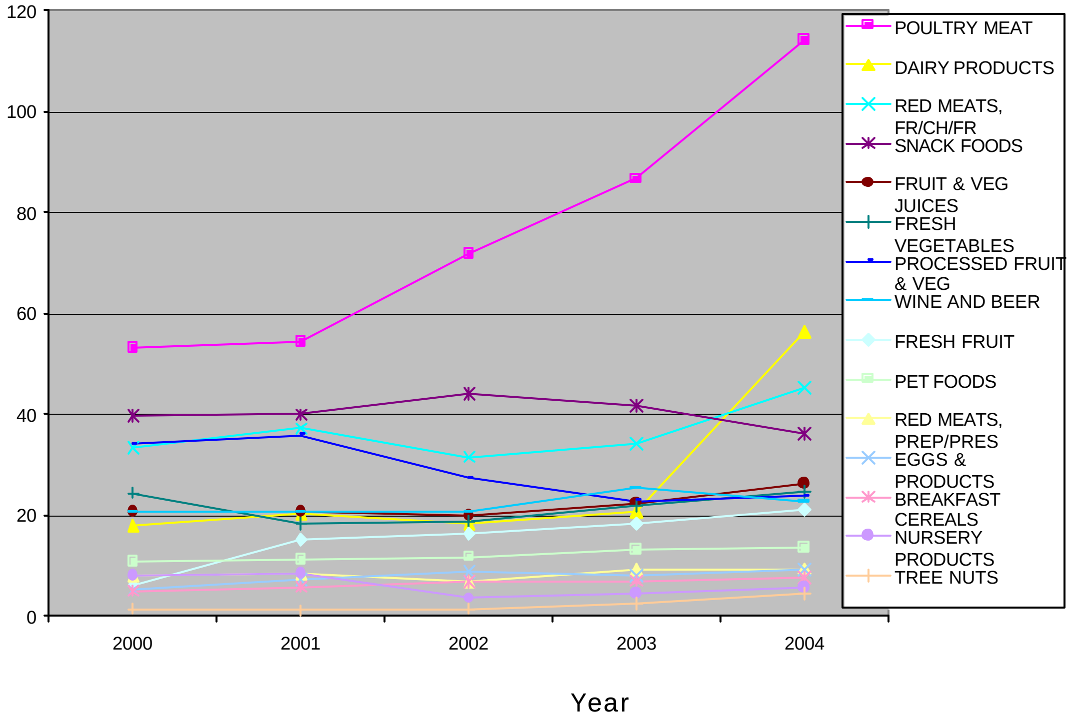
CHART A. TOTAL U.S. EXPORT OF CONSUMER-ORIENTED PRODUCTS TO THE CARIBBEAN 2000-2004 (IN MILLIONS OF DOLLARS)



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

[1] The Caribbean Basin Agricultural Trade Office islands of coverage include: Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guadeloupe/Martinique, Montserrat, Saba, St. Barthelemy, St. Eustacius, St. Maarten/St. Martin, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos

CHART B. U.S. EXPORT OF CONSUMER-ORIENTED PRODUCTS TO THE CARIBBEAN, BY TYPE 2000-2004 (IN MILLIONS OF DOLLARS)



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

About 60-90 percent (depending on the island) of the Caribbean regions' tourists are from the United States. Consequently, foodservice businesses must cater to the tastes of their clientele, which generally prefer U.S. products. Moreover, local residents have exposure to U.S. products through visits that many make to the United States, and through television channels that are broadcast to the islands by major U.S. networks through cable television.

Advantages	Challenges
◆ With little arable land and food production, the Caribbean must import most of its food needs	◆ In the higher income countries with high U.S. market share the key constraint is the likelihood of simply replacing one U.S. brand for another
◆ Over 16 million tourists visit the islands on a yearly basis, fueling further demand for food products	◆ In some markets such as the French West Indies, a key constraint is breaking the traditional liaisons with Europe
◆ Proximity and ease of shipment works to the advantage of U.S. suppliers	◆ In some cases there are cheaper transportation rates from Europe than from the United States
◆ Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to	◆ Importers & consumers often lack knowledge of U.S. products. Many importers rely solely on the FMI and NRA

consumers having a positive attitude toward U.S. products	shows, where consolidation of major food companies limits their choices in many cases.
◆ There is opportunity to continually add more value added products into the import mix, replacing the large proportion of staple imports	◆ The retail industry in many island markets is still quite underdeveloped
◆ The market for the high value products is increasing as income grows, women demand more convenience foods, and the younger generation is more open to new ideas from different parts of the world.	◆ There is a noticeable lack of effective venues in the region for promoting U.S. products
◆ For the most part, the regulatory environment is fairly open to all types of U.S. products	◆ Certain products, particularly meat and poultry, may be restricted in selected markets due to either EU or island-specific restrictions.

SECTION II. EXPORTER BUSINESS TIPS

Many of the orders that importers place are small but frequent, so they often do not order full containers from each supplier. Caribbean importers rely heavily on consolidators in South Florida for shipment of mixed container-loads to their local ports. As a result, a crucial part of doing business with Caribbean importers is building a relationship with a consolidator in South Florida (and sometimes New Jersey in the case of Bermuda).

Since some resorts and larger supermarkets often order larger shipments directly from suppliers, the main resource for medium to smaller sized retail and foodservice businesses are local importer/wholesalers, making them a good target for smaller U.S. exporters. These importer/wholesalers will work with prospective U.S. suppliers to find the best means of product delivery, and meeting local standards and regulations. Local importers will usually stay informed of changing regulations and duties on food and beverage products.

Occasionally, items may be temporarily banned or duties may be increased if it is perceived that imports are competing unfairly with local production, or may pose a phyto or zoosanitary threat. For example, in selected islands, import licenses for chicken leg quarters have been restricted in response to complaints from local processors, and in the Bahamas, citrus fruit from Florida is prohibited due to the citrus canker outbreak.

Since Caribbean countries have had a long-term trade relationship with the United States, most recognize and accept the U.S. standards for food and agricultural products.
Many countries sometimes apply the Codex Alimentarius standards for imports from other countries. Phytosanitary certificates from the country of origin must accompany imported fresh produce and plants. Health certificates must accompany live animals and animal products.

The majority of Caribbean countries accept standard U.S. labeling including the standard U.S. nutritional fact panel. However, islands such as Guadeloupe and Martinique require food and beverage labels in French.

U.S. suppliers must be aware that EU standards may apply for some EU territories in the Caribbean. As always, good communication with local importers will help to secure the proper compliance to local food laws.

For more information on Caribbean regulations and standards, visit the Caribbean Basin Agricultural Trade Office's web site at: www.cbato.fas.usda.gov.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

A. HRI Sector

Overall, the Caribbean HRI sector accounts from 40 to 45 percent of consumer related agricultural imports. The percentage of Caribbean hotels and restaurants independently owned can vary from 90 percent in Grenada to 25 percent in the Bahamas (Nassau in particular). This characteristic impacts the flow of imports to the island. The independent restaurant or hotel owner is more likely to source their food and beverage products from local wholesalers, while larger chain restaurants and hotels have both the connections and the economies of scale to make direct imports from a U.S. agent their main source. The growth of the HRI foodservice sector has direct ties to the tourism industry. Although in recent years, local residents are dining out more often at both fast food and casual dining restaurants, the economy's direct ties to tourism can also affect this trend.

After several sluggish seasons, from both a slowing world economy and the events of 9/11, 2001, the Caribbean tourism industry is continuing a gradual recovery. The number of stay-over tourists in the region increased from 11.1 million in 2003 to 11.7 million in 2004, an increase of 5 percent. Tourism is expected to continue to grow by an average of 4.5 percent annually through 2010. As tourism continues in this upward trend, economies in the region will strengthen, and the population will expand to fit the needs of the industry, thus impacting the overall market for food products. The total food market is expected to grow between 3-5 percent over the next few years, including a rise in the U.S. share of the market.

While corporate-owned resorts and hotels have boomed over recent years, individual-owned foodservice businesses are still strong on all Caribbean islands. Local individual-owned restaurants remain especially popular in countries such as Aruba and Barbados. Some of the world's most acclaimed chefs are working in the Caribbean. Using high quality ingredients, these chefs and their restaurants often are a valuable platform for U.S. food and beverage products.

B. Retail Sector

About 55 to 60 percent of consumer related agricultural imports in the Caribbean is destined for the retail sector. Most of the products stocked on the shelves of Caribbean retail stores are imported. In the Caribbean retail sector it is the difference that convenience and so called "mom and pop" stores have with supermarkets that affects the distribution of food and beverage imports.

As in the HRI sector, smaller retailers such as neighborhood markets will buy most if not all of their products from local import wholesalers. These retailers have a slower turnaround on product sales and have limited space for storage, which both lead to wholesale as a preferred option for sourcing food and beverage products.

In contrast, supermarket chains have both local and U.S. or foreign-based purchasing offices. They work closely with U.S. suppliers to find the best prices for the products of interest. Again, a consolidator in Miami is still crucial to the import of products to these outlets.

International retail chains in the Caribbean include: Carrefour, PriceSmart and Cost-U-Less. Although some are fairly new, these retail outlets are doing reasonably well. However, 'mom and pop' stores will continue to supply a large share of consumers' needs for basic supplies. In addition, national and international convenience stores and gas marts are playing a growing role in consumer food purchases as well, contributing about 5-10 percent of total retail food sales.

A new trend in supermarket and convenience stores is phoned or faxed orders for yacht provisions. This is especially prevalent in the British Virgin Islands and is developing throughout the Caribbean. For more information on the yacht provisioning market in the Caribbean, see GAIN Report C14016.

The recent devaluation of the U.S. dollar as compared to the Euro is one factor that may tip the scales; Caribbean importers are favoring U.S. food and beverage products over EU products. This is especially true in Caribbean countries with currency pegged to the U.S. dollar. Imports from the EU, at such a high exchange rate, are now much more costly to purchase.

C. Food Processing Sector

Caribbean food processors mainly consist of wheat flour mills, rice and pasta products, bakery products and soybean products. Food processing in the Caribbean is quite limited and highly concentrated in the larger countries such as the Dominican Republic and Jamaica. In the CBATO's islands of coverage, local food processors are more prevalent on Trinidad and Tobago and Barbados, and to some extent in St. Vincent. However, with few exceptions, in the rest of the Caribbean Basin islands, food processors are almost nonexistent.

SECTION IV. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

Market Opportunities for High-Value Consumer Foods/Beverages Include:

Product Category	2003 Market Size (Volume)	2003 Imports ($1,000 Sales)	5-Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Fresh Fruit	Min. Local Production	20,368	34.5%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will continue to rise along with disposable incomes and increased local tourism.
Soybean Oil	Min. Local Production	5,170	15.4%	0-20%*	The retail market is still a niche market, subject to the health of the economy.	Demand for soybean products is likely to increase as consumers gain a better understanding of these products.
Tree Nuts	Min. Local	4,402	30.7%	0-25%*	The retail	Demand will

	Production				market is still a niche market, subject to the health of the economy.	rise along with disposable incomes and increased local tourism.
Dairy Products	Min. Local Production	28,473	12.2%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Attractive to U.S. suppliers with market driven approach to business in the Caribbean.
Beef	Min. Local Production	43,588	6.9%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will continue to rise along with disposable incomes and increased local tourism.
Snacks & other Convenience Foods	Min. Local Production	35,547	-2.7%	0-20%*	The retail market is still a niche market, subject to the health of the economy. The HRI market depends on tourism growth.	Demand will rise along with disposable incomes and increased local tourism.

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

*Import duties and competing imports vary from country to country in the Caribbean. For more detailed information and GAIN Reports by country, visit www.cbato.fas.usda.gov.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

A. For more information and an importer list, please contact:

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture
909 SE 1st Ave, suite 720
Miami, Florida 33131
Phone: (305) 536-5300
Fax: (305) 536-7577
Email: cbato@cbato.net

Paul Hoffman, Director
Email: paul@cbato.net

Omar González, Marketing Specialist

Email: omar@cbato.net

Graciela Juelle, Agricultural Marketing Assistant
Email: cbato@cbato.net

B. Other sources of Information:

Please visit our website for promotional activities, trade statistics and more reports on the retail and food service sectors and on food import regulations for several Caribbean islands.
http://www.cbato.fas.usda.gov

Basic country information may be found in the **Central Intelligence Agency's** World Fact Book under the country of interest.
http://www.odci.gov/cia/publications/factbook

Department of Commerce
U.S. Commercial Service
Information on marketing U.S. products and services is in the Country Commercial Guide for most Caribbean countries.
http://www.export.gov
Click on *Market Research* link, then select *Country & Industry Market Reports*.

Department of State
Bureau of Consular Affairs
Links to United States Embassies and Consulates Worldwide
http://travel.state.gov/links.html

Foreign Agricultural Service, USDA
BICO Reports
Provides bulk, intermediate, and consumer-oriented agricultural product data per calendar or fiscal year.
http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp

APHIS- Veterinary Services
Animal and Plant Health Inspection Service, USDA
Miami, Florida
Phone: 305-526-2825
Fax: 305-871-4205
http://www.aphis.usda.gov/vs/

C. Other sources of Information on the Caribbean:

CARICOM
Caribbean Community Common Market
P.O. Box 10827
Georgetown, Guyana
Phone: 592-226-9280
Fax: 592-226-7816
Home Page: www.caricom.org

Organization of Eastern Caribbean States (OECS)
Morne Fortune
P O Box 179
Castries, Saint Lucia

Phone: 758-452 2537
Fax: (758) 453 1628
Email: oesec@oecs.org
Home Page: www.oecs.org

Caribbean Hotel Association (CHA)
Head Office
P.O. Box
Phone: 305-443-3040
Fax: 305-443-3005
Home Page: http://www.caribbeanhotels.org

APPENDIX I. STATISTICS

The following trade statistics were obtained from several sources including the UN Trade Database and the Caribbean Trade Statistics Database. Many sources of statistical information were consulted due to the widespread nature of the Caribbean Basin Agricultural Trade Office's islands of coverage. Some variations, depending on the agency compiling data, will exist in the tables provided.

TABLE A. KEY CARIBBEAN BASIN TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	781.8/63% (Range: 33-91%)
Consumer Food Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	730.7/60% (Range: 40-90%)
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 1/	76.1/56%
Total Population (Millions) / Annual Growth Rate (%) 2/	3.73 /1.77-.26%
Urban Population (Millions) / Annual Growth Rate (%)	N/A
Number of Major Metropolitan Areas 2/	Varies by Country
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars)	Range: $5,000 to $35,000
Unemployment Rate (%)	Range: 0.6 to 23 %
Per Capita Food Expenditures (U.S. Dollars)	N/A
Percent of Female Population Unemployed 3/	Range: 4.6 to 7%
Exchange Rate (US$1 = Caribbean country's currency)	Varies by Country

Footnotes
1/ Source: FAS' web-enabled UNTrade database

2/ This estimate refers to the Caribbean Basin Agricultural Trade Office's islands of coverage including: Anguilla, Antigua & Barbuda, Aruba, The Bahamas, Barbados, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Curacao, Dominica, Grenada, Guadeloupe/Martinique, Montserrat, Saba, St. Barthelemy, St. Eustacius, St. Maarten/St. Martin, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos
3/ Population in excess of 1,000,000
4/ Percent against total number of women (15 years old or above).

TABLE B. CONSUMER FOOD AND EDIBLE FISHERY PRODUCT IMPORTS

Caribbean Basin Imports
(In Millions of Dollars)

	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
Consumer-Oriented Agricultural Total	1027.4	988.0	796.2	348.1	330.3	258.1	31.53%	31.06%	29.66%
Meat and Meat Preparations	131.8	122.3	83.9	65.9	55.8	35.6	49.95%	45.62%	42.39%
Dairy Products and Eggs	117.5	106.8	86.2	19.9	20.2	17.5	16.96%	18.92%	20.33%
Fish, Crustaceans and Mollusks	42.1	45.3	35.8	9.9	8.5	6.9	23.55%	18.80%	19.52%
Cereals and Cereal Preparations	152.7	135.1	119.6	79.3	75.4	63.2	51.92%	55.82%	52.87%
Vegetables and Fruit	151.6	151.2	126.9	72.0	67.4	53.3	47.46%	44.53%	42.00%
Sugar, Sugar Preparations and Honey	54.7	52.0	44.4	10.4	11.4	6.5	18.97%	21.89%	14.71%
Coffee, Tea, Cocoa and Spices	27.1	28.4	25.2	9.3	9.1	7.6	34.47%	31.90%	30.29%
Miscellaneous Edible Products and Preparations	228.2	219.5	163.4	68.9	69.2	54.8	30.21%	31.53%	33.51%
Beverages	121.5	127.4	110.7	12.5	13.5	12.5	10.30%	10.57%	11.33%

Source: Caribbean Trade Statistics Database, ECLAC/UN

TABLE C. TOP 10 SUPPLIERS OF CONSUMER-ORIENTED AGRICULTURAL IMPORTS AND FISH AND SEAFOOD PRODUCTS (In Thousands of Dollars)

	2001	2002	2003
United States	625,429	288,759	392,887
United Kingdom	52,814	53,123	60,203
Netherlands	24,545	24,918	54,143
Trinidad and Tobago	53,587	46,851	51,562
New Zealand	24,796	24,765	28,367
Brazil	10,781	15,712	21,909
France	18,356	17,341	20,526
Jamaica	21,547	17,600	19,139
Argentina	3,958	5,726	17,846
Venezuela	4,379	2,589	15,727
World	1,104,209	732,931	970,798

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office